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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/738,376	12/17/2003	Kerry Dennis Brown	MLF 670-01	7267
26329	7590	05/20/2005	EXAMINER	
RICHARD BREWSTER MAIN				FUREMAN, JARED
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P.O. BOX 1859				ART UNIT
LOS ALTOS, CA 94022				PAPER NUMBER
				2876

DATE MAILED: 05/20/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	10/738,376	BROWN, KERRY DENNIS
	Examiner Jared J. Fureman	Art Unit 2876

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on _____.
- 2a) This action is **FINAL**. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-12 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-12 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on 17 December 2003 is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413)
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	Paper No(s)/Mail Date. _____.
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.	5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)
	6) <input type="checkbox"/> Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 102

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

2. Claims 1-3, 6 and 8 are rejected under 35 U.S.C. 102(b) as being anticipated by Cooper (US 6,308,890 B1).

Re claims 1, 6, 8: Cooper teaches a magnetic storage device, comprising: a stripe of magnetic material (programmable magnetic strip 4 or 10, see figures 2 and 3) having a longitudinal length (see figure 2), and a front side and a back side (see figure 2), and able to store electronic data as a magnetic recording comprising a plurality of bits (see figure 2); a magnetic write head (electromagnetic coils, see figure 4 and column 7 lines 8-42) permanently positioned on said back side of the stripe at a particular data bit of one of said plurality of bits (see figure 4), and providing for electronic-magnetic alteration of a data bit magnetically readable on said front side; and a magnetic recording (the programmable magnetic strip 10, including material 20, stores a magnetic recording, such as account data) serially accessible to a longitudinally moving read head on said front side of the stripe that includes said data bit affected by the magnetic write head; Re claim 2: a user access record (an account number, for example, which allows the user access to their account, see column 3 lines 17-30) encoded within the magnetic recording; Re claim 3: a financial account number of a

user encoded within the magnetic recording (see column 3, lines 17-30); and a controller (11, figure 3) connected to the magnetic write head and providing for a subsequent obfuscation of the financial account number by re-recording of said data bit (for example, the recording of a different account number will obfuscate the first account number) (also see figures 2-4, column 2 line 48 - column 3 line 51, column 3 line 63 - column 4 line 3, column 4 line 30 - column 5 line 7, column 5 lines 25-46, column 6 line 30 - column 7 line 42).

3. Claim 12 is rejected under 35 U.S.C. 102(b) as being anticipated by Walter (US 4,510,382).

Walter teaches a business model method, comprising: incrementing a current usage-counter number (an events register) on the magnetic stripe of a user payment card each time the card is swiped (see column 4, lines 34-45); maintaining a last validly used usage-counter number by a payment authorization center (an automatic service machine, for example) for each particular user; checking each transaction presented for authorization to see if said current usage-counter number exceeds said last validly used usage-counter number; and declining a transaction if said current usage-counter number does not exceed said last validly used usage-counter number (a copy will be recognized as false by the count in its event register being lower than the count in the events register of the automatic service machine, see column 4, lines 64-68).

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

5. Claims 4, 5, 7 and 9-11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cooper in view of Walter and Kumamoto (US 2003/0163424 A1).

The teachings of Cooper have been discussed above.

Re claims 4, 7 and 9-11: Cooper et al fails to teach a usage-counter record encoded within the magnetic recording; and re-recording at least one bit of said serial magnetic recording.

Walter teaches a magnetic storage device and a method for preventing unauthorized use of a payment card (a credit card, for example), the magnetic storage device including a usage-counter record encoded within the magnetic recording of a card; and re-recording at least one bit of said serial magnetic recording (see lines 1-13 of the abstract and column 1 lines 9-17).

In view of Walter's teachings, it would have been obvious to one of ordinary skill in the art at the time of the invention to include, with the device as taught by Cooper, a usage-counter record encoded within the magnetic recording; and re-recording at least one bit of said serial magnetic recording, in order to help detect and prevent fraudulent use of copies of the device (see the abstract of Walter).

Cooper as modified by Walter fails to specifically teach the controller connected to the magnetic write head providing for a subsequent incrementing of the usage-counter record by re-recording said data bit.

Kumamoto teaches a card including a controller for incrementing a usage-counter of the card (see lines 10-11, of paragraph 21).

In view of Kumamoto's teachings, and in view of the fact that Cooper is designed to store data related to the magnetic recording for subsequent re-recording and re-use, it would have been obvious to one of ordinary skill in the art at the time of the invention to include, with the device as taught by Cooper as modified by Walter, the controller providing for a subsequent incrementing of the usage-counter record by re-recording said data bit, in order to increase security and help reduce fraud.

Re claim 5: Cooper teaches that the electromagnetic coils (see figure 4) may be used to sense data and signal the controller (see column 8, lines 15-20).

Double Patenting

6. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

7. Claims 1, 3, 4 and 5 are provisionally rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1, 9, 10 and 11 of copending Application No. 10/800,821 (hereinafter the '821 application).

Although the conflicting claims are not identical, they are not patentably distinct from each other because claims 1, 3, 4 and 5 are a somewhat broader recitation of claims 1, 9, 10 and 11 of the '821 application, which read as follows:

1. A payment card, comprising: a user-sensor for accepting a user input; a processor connected to the user-sensor and providing for user authentication; a contact interface connected to the processor and providing for communication with a contact-type smartcard reader; a wireless interface connected to the processor and providing for communication with a contactless-type smartcard reader; a stripe of magnetic material having a longitudinal length, and a front side and a back side, and able to store electronic data as a magnetic recording comprising a plurality of bits; a magnetic write head permanently positioned on said back side of the stripe at a particular data bit of one of said plurality of bits, and providing for electronic-magnetic alteration of a data bit magnetically readable on said front side; a magnetic recording serially accessible to a longitudinally moving read head on said front side of the stripe that includes said data bit affected by the magnetic write head; and a plastic card in which all the other elements are disposed.

9. The payment card of claim 1, further comprising: a financial account number of a user encoded within the magnetic recording; and a controller connected to the magnetic write head and providing for a subsequent obfuscation of the financial account number by re-recording of said data bit.

10. The payment card of claim 1, further comprising: a usage-counter record encoded within the magnetic recording; and a controller connected to the magnetic write head and providing for a subsequent incrementing of the usage-counter record by re-recording said data bit.

11. The payment card of claim 10, further comprising: detectors connected to signal the controller when a reading of data in the magnetic recording has occurred.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

8. Claims 2 and 6-8 are provisionally rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claim 1 of copending Application No. 10/800,821 (hereinafter the '821 application) in view of Cooper.

Claim 1 of the '821 application has been discussed above. Claim 1 of the '821 application fails to claim an array of magnetic transducer write heads in a particular series of said plurality of bits; and a user access record encoded within the magnetic recording.

The teachings of Cooper have been discussed above.

In view of Cooper's teachings, it would have been obvious to one of ordinary skill in the art at the time of the invention to claim an array of magnetic transducer write

heads in a particular series of said plurality of bits; and a user access record encoded within the magnetic recording, in order to allow the writing and re-writing of a plurality of magnetic information, thereby allowing the magnetic storage device to replace a plurality of conventional magnetic cards (see column 2, line 65 - column 3, line 1, of Cooper), thus providing greater convenience for users.

This is a provisional obviousness-type double patenting rejection.

Conclusion

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Lane (US 5,623,552), Gutman et al (US 6,206,293), Wallerstein (US 5,955,961), Lessin et al (US 4,868,376), Burkhardt (US 4,791,283), Rohen (US 4,354,100), Levine (US 6,188,309), Goldberg (US 5,434,398), Sugitani (JP 2002-163690 A) and Takahashi (JP 08-36826 A) all teach magnetic storage devices.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jared J. Fureman whose telephone number is (571) 272-2391. The examiner can normally be reached on 7:00 am - 4:30 PM M-T, and every other Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Michael G. Lee can be reached on (571) 272-2398. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Jared J. Fureman
Jared J. Fureman
Examiner
Art Unit 2876

May 11, 2005